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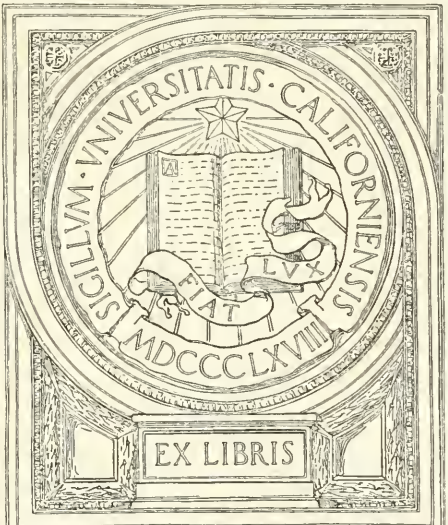
The Use of Silver as a Money Metal by The United States.

By
Nathaniel Peter Hill

UNIVERSITY OF CALIFORNIA
AT LOS ANGELES



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THE USE OF

Silver as a Money Metal

BY

THE UNITED STATES.

BY
HON. N. P. HILL.

1893.

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ADDRESS

DELIVERED BY HON. N. P. HILL, OF COLORADO, BEFORE THE NATIONAL BI-METALLIC CONVENTION AT CHICAGO, AUGUST 2, 1893.

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The overshadowing topic of thought and discussion in this and other gold-standard countries is the existing depression of agriculture, trade and manufactures, the diminishing and vanishing profits of productive enterprise, the lowering wages of laborers and the increasing numbers of those who cannot find employment at all. It is a depression which has existed to a greater or less degree since 1873, with brief reactions, the quick relapses from which have brought these countries into a worse condition than they were before. Even in this country, where the economic circumstances are better than they are anywhere else, we have passed through periods of labor strikes, attended in some cases with criminal violence, and in many cases with a bitterness of feeling which, if not dangerous, is distressing and deplorable.

In Western Europe, where the masses of the people are always on the verge of absolute want, the depression of business has been more disastrous in its effects, and it requires all the vigilance, and the standing armies of strong governments, to suppress socialistic outbreaks.

It is no exaggeration to say that Western Europe is to-day completely honeycombed with revolutionary and socialistic ideas and secret conspiracies of which the final outcome cannot be foreseen.

Within the brief limits of this address I can only describe

THE SITUATION IN A GENERAL WAY.

I must confine myself to an attempt to explain the main cause of this unfortunate condition of affairs, without considering minor causes.

I shall conclude with some suggestions as to the best line of policy for this country to pursue in the present emergency,

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having regard to our special conditions at home and to our commercial relations with other nations.

A commercial and industrial depression consists essentially of a serious and persistent decline in the general range of prices, which takes away that expectation of profit which is the indispensable stimulus of agricultural and manufacturing productions. With diminished production, there is less employment for both capital and labor, and wages and rates of interest both fall together. With the steady fall of prices there are constant losses on stocks of manufactured goods and of raw products, and the position of debtors and taxpayers, who must pay fixed sums of money, becomes constantly worse.

The effects of a steady decline in the general range of prices are so well known and have been so long recognized that the reference I have already made to their distinctive features will be sufficient for the present occasion.

It is well established by recent experience and the concurrence of accepted authorities on such subjects that a decline in the general range of prices can arise only from the one cause of

A DEFICIENCY OF MONEY,

which may happen either from an absolute shrinkage of its volume, or from its failure to expand with the demands for it.

Price is the expression in terms of money of the market value of other things, and the general range of prices indicates exactly what the value or purchase power of money is at any given time. The rule applies as completely to money as to everything else, that its value depends upon the proportion between the supply of it and the demand for it.

Changes are constantly occurring in the value of particular things from special circumstances, sometimes temporary and sometimes permanent, in either their production or their consumption. The prices of wheat and cotton fall in the years in which they are harvested in unusual abundance. The prices of things produced by machinery or by chemical processes indicate, after a longer or shorter delay, a permanent fall from new inventions and discoveries. Such falls in the prices of particular things are as easily distinguishable in their consequences as they are in their causes from the fall in the general range of prices. When wheat and cotton fall from the abundance arising from the unusual beneficence of nature, or when the prices of a manufactured article fall because the cost of producing it has

been lowered by improved processes, the diminished prices entail no diminution of the profit of the producer. They involve no check to production, no lowering of wages or of interest paid for the use of capital, and, in short, none of the bad consequences of a fall in the general range of prices caused by a deficiency of money.

It has often been asserted that the present declining condition of the general range of prices is attributable not to a deficiency of money, but to scientific discoveries, inventions of various kinds and new machinery, which have lowered the cost of production, and to improvements in navigation and in land carriage, which has lowered the cost of transportation. Upon that view of the case I must limit myself to

A FEW BRIEF OBSERVATIONS.

First—All the improvements by which the production and transportation of products have been cheapened in modern times, made as rapid progress during the twenty years after the Californian and Australian gold discoveries, when the general range of prices was rising, as they have during the last twenty years when prices have been persistently falling. It was the distinguishing circumstance of the first period of twenty years that the volume of metallic money was increasing relatively to other things throughout the world, while during the last period of twenty years it has been largely decreasing in gold-standard countries. There has been no change, comparing the two periods, in the way of progress in the improvements which cheapened production, and it is manifestly to the change in the quantity of money, from an increasing to a decreasing one, that we must look for the explanation of the transition from a rising to a falling general range of prices.

Second—If the present condition of prices in gold-standard countries was the result of the increased command of mankind over the forces of nature by reason of advance in science, skill, inventions and appliances, we should now be in the midst of an epoch of the most splendid prosperity. The production with a decreased amount of human toil of anything needed by the human race cannot injure any class, but must benefit all classes, as well those who obtain by their daily toil the supply of their daily wants as those who live upon an income from capital which represents the accumulated labor of the past. The fact that the present condition of prices in gold-standard coun-

tries has plunged them into an abyss of industrial misery, which has had few parallels within the past century, is a proof that it has not been caused by a cheapened cost of production, which would have diffused universal prosperity, but by that

MOST BALEFUL AND INSIDIOUS

of the mischiefs which have afflicted mankind—a shrinking volume of money—which perverts the equity of contracts to pay money, which aggravates the burden of debts and taxes, which stops production by depriving it of its rewards and which lowers both wages and the amount of employment which labor can obtain.

Third—The present depression in prices and industries is confined to the gold-standard countries and is little, if at all, observed elsewhere. The silver-standard countries are comparatively prosperous, notwithstanding the misfortune that many of them are involved in debt, payable abroad in the money of gold-standard countries, whereby they suffer the hardship and injustice of being compelled to pay a large percentage in excess of what is equitably due on their obligations.

This is notably true of British India, which, under the support given to its prices at home by its silver standard, has been making great advances in commerce, manufactures and industries of all kinds, although hampered by an addition of many millions to the real burden of its annual interest payments to England, caused by the rise in the value of gold.

Her exports of cotton, which were insignificant in 1873, have gradually increased to 3,000,000 bales annually. Her exports of wheat have grown from nothing in 1872 to about 60,000,000 bushels annually. Her exports of cotton goods, which have grown entirely since 1873, reached 5,000,000 pounds in 1875; 25,000,000 pounds in 1880; 75,000,000 pounds in 1885, and over 160,000,000 pounds in 1891.

Since 1873 India has greatly improved its internal transportation by railroads and, if it has not invented new machinery and industrial appliances, it has in a marked degree imported and made use of them in cotton and jute mills and otherwise, but its silver standard, although not preventing some slight decline in prices, has warded off any such degree of decline as would discourage production and industry,

It is impossible not to see in the contrast between the present conditions of

that it is not the lower cost of production and transportation which is to any sensible degree the cause of lower prices; that the true cause is the constriction and consequent appreciation of gold is shown by the fact that the fall in prices to any ruinous extent is confined to the gold-standard countries.

Fourth--A significant circumstance tending to negative the view that gold prices have fallen in recent years, not from the constriction of gold but from the improvements in machinery, processes and appliances, is the fact that the fall of prices has not been any greater in the things upon the production of which these improvements have the most effect than it has in the primary materials furnished by mining, by agriculture and by pastoral industry, in which the ruder kinds of labor are employed and the introduction of new methods proceeds at the slowest rate. A general proof of it will be found in the statements published in the London *Economist*, giving the fall in prices in the British foreign trade from year to year. In these statements, the imports and exports are separately exhibited, with the result of showing that the decline in the prices of the imports, which consist mainly of food and raw material, is rather greater than the decline in the prices of the exports, which consist mainly of manufactured goods.

The two articles, cotton and wheat, of which the cost of production has been affected comparatively little, furnish evidence upon this point which should be

REGARDED AS CONCLUSIVE.

The price of a bushel of wheat has fallen from $1 30 in 1873 to 65 cents in 1893. The price of a pound of cotton has been reduced from 19 cents in 1873 to 7 cents in 1893. In both of these staples there have been reactions which have carried them up for short periods, but taking the twenty years together the tendency has been constantly and steadily downward.

It has been claimed and is capable of easy demonstration, that the decline of prices since 1873, is only an expression of the increased price of gold. During the whole period since 1873 until the recent extraordinary fall, caused by the suspension of coinage in India, the purchasing power of silver has remained comparatively steady. The serious effects of the decline in the general range of prices has been felt only in gold-paying countries, and affords a correct measure of the appreciа-

tion in the value of gold, or, in other words, the divergence in value of the two metals has maintained an approximately steady ratio to the increase of the value of gold.

When, in 1876, the value ratio of gold to silver had become much wider than it had been a short time before, the English financial writers never for an instant conceived the possibility that the widening might have been caused by a rise in the value of gold, and they appointed a commission of inquiry into the causes of the assumed depreciation of silver.

They were astonished when the United States Monetary Commission declared in 1877 that "gold had risen in all countries, while silver had fallen in none." It has taken time to recover from their astonishment, but they must now see that instead of a depreciation of silver, what has happened is

AN APPRECIATION OF GOLD.

The divergence in the relative values of the two metals, which had closely approximated 15½ to 1 during the previous two centuries, commenced in 1873. This was the year in which the German silver demonetization practically took effect, and it was felt in all gold-standard countries by the rapid and persistent decline, with brief exceptions, in nearly all the important articles of merchandise. The effect of the action of Germany was largely augmented by the course of other countries. There has been no important specie-paying country using both gold and silver coins, in which the further coinage of silver has not been either prohibited or sharply restricted.

The world has to a great extent been segregated into two parts—one on the silver standard, with the value of its money kept by free coinage (or by its use by weight, as in China,) in correspondence with the value of silver bullion,—and the other on the gold standard, with the value of its money kept in correspondence with the value of gold bullion by the free coinage of gold and a restricted coinage, or no coinage at all, of silver. The gold-coinage countries have had no power, except to a limited extent, to increase their metallic money beyond the excess of the natural production of gold over the demands for it in the arts, and this has dwindled practically to nothing.

There being no longer any important country using both metals, and with unlimited coinage of both, whereby the relation of the two moneys could be steadied, the value or the purchasing

power of each has been left to be independently determined, and

THE TENDENCY TO SEGREGATION,

owing to the scarcity of gold and the determination of the countries of Western Europe to adhere to gold monometallism, is constantly increasing.

That the less civilized and enlightened portions of the world have had a great advantage over that portion which has thus far maintained a gold standard, in encouraging enterprise by sufficient addition to its monetary circulation, must be obvious to all careful observers, and the gold monometallists of this country and Europe propose to put the advancing part of the world into a straight-jacket of a non-increasing gold money, and to give to the unprogressive parts of the world all the new metal money, of which there is very little except that which comes from the silver mines.

If the pressure upon gold would have been more severe if the Bland law and Sherman law had not been passed, of which Mr. Giffen has expressed himself as having no doubt, and of which nobody can have any doubt, it must be equally true that the repeal of the Sherman act without substituting anything in its place, or, what is the same thing, suspending its operation, must now intensify the pressure upon gold and increase the divergence between gold and silver and between the values of gold and silver money.

If, after the segregation of the world into silver-standard and gold-standard countries, it had turned out that prices had risen as much in one class of countries as they fell in the other, it would have been concluded that if the segregation had not taken place prices would have remained stationary in both, but when we see that what has followed the segregation has been the fall of prices in both classes of countries, although slight in silver as compared with gold countries, we may be certain that there would have been everywhere a fall in prices to some degree, even if the demonetization of silver in Germany and the United States and other countries had not occurred. That was the doctrine of the report, in 1877, of the

UNITED STATES MONETARY COMMISSION.

It was therein shown that some fall in prices would have been caused in any event by the declining yield of the gold and silver mines owing to the increased demand for metallic money.

It was also shown that the effect of demonetizing silver, and thereby causing its transfer from the Western world to Asia, was to precipitate and to aggravate the fall of prices in gold countries, and to relieve Asia by throwing upon Western Europe and this country an undue share of the fall in prices.

It is plain enough that this was a grievous folly on the part of the United States, although there was something to recommend it to Germany, which is a creditor country in its international relations.

The experience of nearly sixteen years since the declarations of the Monetary Commission were made, has more than verified them. The value or purchasing power of silver has not only been sustained, but it has been increased. As respects any such danger as that of depreciation, silver has vindicated its title to be a sound monetary measure of values, and as respects the opposite danger of appreciation, it has proved to be a more stable measure than gold is, or is ever likely to be.

Nevertheless, the divergence between the values of the two metals is now greater than it was when the United States Monetary Commission made their report, and no absolute bound can be set to the degree of divergence which may be reached hereafter, especially if this country, the foremost in the world, shall lend itself to the schemes of the partisans of gold. The causes tending to raise it are in full view, and are very powerful, being the increasing consumption of gold in the arts, which cuts off any new supply for money purposes, and the rapidity of the expansion of the demand for money in the commercial gold-standard countries, and all the while there is a possibility that the adroit and ever-active leaders of the gold conspiracy may persuade some of the gold-standard countries to discard the silver heretofore coined.

It is plain that the divergence between the two metals has arisen from the

GREAT RISE IN THE VALUE OF GOLD,

and that it will become still more marked if the value of gold rises higher, and that the only means of correcting the divergence is to lessen the employment of gold and enlarge the employment of silver in gold-standard countries. In the actual predicament of affairs, the policy which this country must pursue in order to uphold justice between classes and geographical sections, between debtors and creditors and between tax

payers and tax receivers, and in order to sustain our grievously suffering agriculture, commerce, manufactures and labor, is straight, plain and luminous before us.

We must manifest a constant readiness to join in any safe international arrangement which promises to restore the bimetallic conditions which existed prior to 1873. The hope of such arrangements may be small or great. It will certainly be improved when the selection of our diplomatic agents and the control of the representations and suggestions which they make abroad are no longer in the hands of presidents whose range of vision never extends beyond Wall street.

But whatever we may do or may not do with respect to treaties with other countries, we must so regulate the volume of our own currency as to impede or forever stop the destruction of values of everything except money in our own country.

If the burden caused by the long-continued and persistent fall of prices fell on all alike; if there were no debtors and no creditors, it might be borne with equanimity; in fact, it would cease to be a burden. But

THE BURDEN FALLS ON THE DEBTOR CLASSES,

and what is now of the greatest concern to us is their ability to bear it. How long can it and will it be borne? While it may be to a certain degree for the interest of money-lenders to so contract the volume of money as to give to each unit of value the greatest purchasing power, it should not be forgotten that in the general ruin which must follow a continuation of an insufficient circulation, from which we now suffer, or the still more disastrous effects of a greater contraction by discarding the further use of silver as a means of making additions to our currency, the debtor and creditor must suffer alike. General bankruptcy caused by low prices is as disastrous to the lender as to the borrower.

A very large proportion of the great enterprises of the world are conducted with borrowed capital. This is true alike of those which are conducted by corporations and by individuals. When the oppressiveness of debt becomes unbearable, we must expect a demand for inconvertible paper money which no power will be able to resist. I candidly believe that the relief which has been afforded by what is known as the Bland and Sherman acts for the past fifteen years, inadequate as it has been, has prevented the flooding of the country with paper money.

Before proceeding to set out the advantages which will result to this country by adopting the policy of

UNLIMITED COINAGE OF SILVER,

I will briefly allude to the views, clearly erroneous, which are held in some parts of the country, regarding the cause of the present depression of business, and to equally erroneous views of the proper remedy.

It cannot be denied that there is a large and influential class in this country who believe that the present depression is not caused by a contracted volume of money, but results entirely from a lack of confidence induced by the purchase of silver under the Sherman act.

At a meeting of the Chamber of Commerce in New York, on the sixth of last month, in a preamble to a resolution which was adopted, occur these words :

"WHEREAS, This country is now suffering from the effects of the silver purchasing clause of the Sherman act, which, by creating distrust as to the interchangeability of our currency based on silver with our currency based on gold, has caused wide-spread alarm, and has almost created a commercial panic," etc.

This statement is unsupported by any evidence, but it has been reiterated so many times and in so many ways that it has come to be regarded by unthinking people as furnishing a sufficient explanation of all the evils from which we suffer financially. The New York Chamber of Commerce did not undertake to give any reason, and nobody ever can give any reason for the assertion, that the purchase of 4,500,000 ounces of silver per month and the paying out therefor the paltry sum of $3,000,000 to $4,000,000 in treasury notes, under the existing condition of falling prices, should create distrust or should add to the business depression. If the country were suffering from the evils of an inflated currency there would at least be some ground for such a claim. The depression of which we complain is world-wide, although it is

MOST SEVERE IN GOLD COUNTRIES

and in such of the silver countries as are burdened with heavy debts to gold countries. Does the New York Chamber of Commerce believe that the industrial distress in Europe, which is certainly not less severe than in this country, is caused by the

purchase of silver under the Sherman act? Was the failure of the Baring Bros. and the more recent failures of nearly all the leading banks in Australia, with liabilities of $500,000,000, caused by our purchases of silver? It is true that there is distrust and that this distrust has led to the most disastrous consequence of hoarding money, which has added to an extent almost beyond calculation to the stringency of the money supply. It has not been a fear as to the quality of the money in which they would be paid which has induced thousands of our citizens to draw their money out of the banks and hide it away or lock it up in the vaults of safe deposit companies, but fear that they might not be able to get any kind of money when they most needed it. Not one in a thousand of the hoarders of money would have drawn out their deposits if they had felt secure in receiving any of the kinds of paper money which now enter into our circulation. A comparatively few of them hoard gold, and the total amount of gold held in that way is insignificant in comparison with the total amount of hoarded wealth. It is safely within the limit of the truth to say that the amount of money locked up and hid away to-day is more than double the amount of all the gold in the country.

President Andrews of Brown University, a member of the International Monetary Commission, an able man and a careful thinker, admits that the

FUNDAMENTAL CAUSE OF THE EXISTING DEPRESSION

is low and constantly falling prices as the result of contracted currency in all the gold countries. He admits that the results of depriving silver of its ancient place as world's money were unfortunate in the extreme. He said it was the "hardest, saddest blow to human welfare ever delivered by the action of States." He also says: "That so long as gold is the sole standard of money these wrongs and sufferings must continue; to abate them silver must be remonetized." Nobody can depict more eloquently than President Andrews the great injury to the human race which has resulted from the attempt of Europe to make gold the sole standard of value, but when it comes to the remedy for the evil I am compelled to differ with him.

He sets forth in strong terms the advantages which we would derive from unlimited coinage of silver, even if it should result in placing the United States upon a silver basis, but still

holds to the opinion that we should not attempt free coinage alone.

I will quote his exact words: "I propose to consider what in all probability would come to pass should the United States begin free coinage alone. No doubt after the first stringency accompanying the announcement of a free-coinage policy, a stringency arising from the fact that gold would be instantly withdrawn from circulation, while silver could be coined to take its place but slowly, our country would derive great advantage from siding with the silver status. The fall of prices would be stayed, perhaps some rise of prices ensue, besides the United States would take its place as the one great manufacturing nation of the silver world, and derive from that position the immense gain which England has hitherto reaped, but largely lost by the demonetization of silver. We should manufacture for Mexico, South America, China and Japan, and England, owing to the lack of par exchange with them, would lose most or all of their custom. No doubt here is a splendid chance. We may effectually dish England as a manufacturing and commercial nation by the means suggested. I do not wonder that this prospect carries away so many, for it is indeed a glorious one."

He then proceeds to present the strongest reasons which can be given against the plan of remonetizing silver in the United States without the concurrence of Europe.

His plan would be to repeal the Sherman act and allow silver to fall still lower, "and thus precipitate in Europe another fall in prices so aggravated that the most obdurate banker of Lombard street will have to admit that gold cannot be safely taken as the sole metallic money."

I must confess that to me this seems like a most

UNCERTAIN AND DANGEROUS EXPERIMENT.

Supposing that after we had still further discarded silver and depreciated its value by repealing the Sherman act it should turn out that England should still adhere to its ancient policy of monometallism, we would have joined with the monometallic countries of Europe to still further disparage silver money, of which we have now more than $600,000,000 in coin and bullion, including subsidiary coin, we would have struck a fatal blow to the interests of the silver states of the Union of which the principal industry is silver mining, and if we should

then undertake to retrace our steps innumerable obstacles would beset our path.

The man who could be made to believe that after repealing the Sherman act any legislation favorable to silver could be secured for the next four years while Mr. Cleveland is president, would be credulous indeed.

I fear that the supposition that by repealing the Sherman act and thus bringing on a great fall in the price of the metal we can coerce Europe into a bimetallic treaty would prove a delusion and a snare.

There is a surer method of coercing Europe, which I shall present to you further on.

But for the present it is

CLEARLY THE DUTY OF THE UNITED STATES,

the principal silver-producing country of the world, and with such a large stock of silver now in use as money, to sustain the price of it, and not to depress it. We are suffering from contraction, and not from inflation, and to now take a step which is admitted by its advocates will result in a further fall of the price of silver, and thus strengthen the hands of the monometallists of Europe and this country, whose principal avowed ground of attack upon silver is its actual depreciation, would be a suicidal step.

It has been often said that the action of Europe, and this is the opinion of President Andrews, rests entirely with England. On the monetary situation there are three classes of people in England. The manufacturers and producing classes generally are bimetallists, made so by the pressure of their actual necessities. Another class, mainly bankers, would like to see silver money sustained at par with gold, but by unlimited coinage of silver in other countries, particularly in the United States. The third class, which has controlled the financial policy of England for many years in the past, and will probably do so for many years to come, has no intention of being driven into silver coinage by any action which we may take in respect to this metal. The enhanced value of money resulting from our discarding silver is exactly what they desire. They have witnessed commercial and industrial distresses which have resulted from the shrinking volume of money many times before, without relaxing in the slightest degree the tenacity with which they cling to their purpose of enhancing the value of money, and there is no sign

that they will relent now, no matter to what extent we may go in impoverishing our own people, for the purpose of adding to the industrial distress in England.

I agree with President Andrews in all he says about the evils resulting from a contracted currency and in the advantages which he describes as possible as the

RESULT OF FREE COINAGE OF SILVER,

but I do not share with him the fear he entertains that free coinage of silver will at once or probably ever put us on a silver basis, nor the fear of the disastrous consequences which would result from a rupture of trade relations with the gold world, meaning Western Europe, if by free coinage we should be carried to a sole silver standard.

The United States is the one country and the only gold country which could safely venture upon the policy of free coinage of silver. It is strong enough to make its own standard independently of the rest of the world, and it should do it mainly with reference to maintaining the steadiness of the value of our own currency in our internal trade and with but little regard to the relation of value which may exist between our currency and that of foreign countries.

Professor Francis A. Walker some time ago, when the ruinous effects of a too-contracted currency were not nearly so apparent as they are now, said in an article in the *North American Review:* "The abandonment of silver will result in the "enhancement of the burden of all debts and fixed charges, "acting as a drag upon production, and suffocation, strangula- "tion, are words hardly too strong to express the agony of the "industrial body when embraced in the fatal coils of a contract- "ing money."

Professor Walker in this article favored the repeal of the Bland act and argued that the United States could not safely go further in the use of silver as money without the co-operation of Europe, but it is difficult to conceive of any stronger language in which the evil effects of the policy of the unlimited coinage of silver could be portrayed than I have quoted as applied to a contracted currency.

While it is undoubtedly true that the primary cause of the present depression is an insufficiency of money, there are many contributing causes.

The constant misrepresentations of newspapers of large circulation in the Eastern States, and the employment of "catch phrases" such as "dishonest dollar," "fifty cent dollar," etc., has created a genuine alarm in the minds of the masses of the people; the very people who would be benefited the most by a large increase in our monetary circulation, which can only be secured by the unlimited coinage of silver or by irredeemable paper money.

They have been assured, if the Sherman act were not repealed, that all persons whose support depends upon fixed incomes, all depositors in Savings Banks, all beneficiaries of Insurance Companies, and all laborers will be paid in depreciated silver money, worth only fifty or sixty cents on the dollar.

It seems incredible that grossly false assertions should be capable of producing such an effect in a country which boasts of the intelligence of its citizens.

The partisans of gold are doubtless controlled by the most selfish and basest of motives in thus deluding the people, who from the nature of the case cannot study these subjects for themselves.

But even if it were true that the laboring man was paid in sixty cent dollars and money at the same time became sufficiently abundant to render productive enterprises profitable, his circumstances would be infinitely better than they are when he is unable to obtain employment at any price, on account of the stagnation of business caused by a money famine such as we are now experiencing.

The authors of the outcry about the dishonest dollar know well enough that it is the gold dollar which has fluctuated most in purchasing power and is therefore the dishonest dollar.

It requires from forty to sixty per cent. more of the products of industry to get a gold dollar or its equivalent to-day, than it did twenty years ago, and the difference will become constantly greater so long as the leading commercial countries of the world adhere to gold monometallism.

The farmer in 1873 could pay $1.30 of debt with one bushel of wheat. Now it requires two bushels to pay $1.30 of debt.

In 1873 he could pay $19 of debt with 100 pounds of cotton. Now, 100 pounds of cotton will pay only $7 of debt, and it is the dollars of to-day, kept on a gold basis, with their enormously enhanced value as compared with everything else, and which

owing to scarcity can only be had on terms exceedingly burdensome or ruinous to all debtors, which the gold monometallists tell us are the honest dollars.

It is an undeniable fact that during the whole period of falling prices from 1873 to 1893, the silver dollar taken at the market value of the bullion which it contains, has maintained a remarkably steady purchasing power when measured by all the staple commodities of the world's commerce, and would have increased in purchasing power if a most determined effort had not been made in all gold countries to strike silver out of use as a money metal.

There is no limit to the extent to which the gold monometallists will go in the perversion of truth in their effort to prejudice and mislead the people, on the assumption that if the Sherman act is not repealed the silver dollar of the United States will be greatly reduced in value.

I recently read an editorial in one of the largest New York dailies, in which an attempt was made to show the losses which would result to the depositors in Savings Banks if they were compelled to accept fifty-four cent dollars, and in the same article occurred severe denunciations of the injustice of paying the miner $1.29 per ounce for his silver when it was worth only 70 cents.

The author of this article did not deem it necessary to show how the miner would contrive to get a 100-cent dollar in payment for his silver, while all other persons must receive fifty-four cent dollars in payment for what they produce. The bare absurdity of the proposition, which is of such common occurrence in discussions of the silver question, affords evidence, not of the dishonesty of the dollar, but of the dishonesty of the enemies of silver money.

From time immemorial the principal value of silver, as well as of gold, has been derived from its availability and use as money. If you deprive silver or gold of this attribute to which they owe their value, no one can foretell what the future value of either will be. The law of supply and demand in regulating the price, attaches to these metals as to all other things.

If a demand for silver is created and maintained equal to the supply of silver, as is done for gold by its unlimited coinage, the price of silver as measured by gold cannot fluctuate, but will be uniform at the ratio given it by law.

The United States has the power and the ability to create and maintain such a demand, and will add immensely to its wealth and prosperity by so doing.

The claim of the monometallists that if we adopt unlimited coinage of silver our silver dollars will be worth only the market value of the bullion, prior to the enactment of the law, is contrary to all human experience bearing upon this subject.

It is an undeniable fact that through all the fluctuations in the price of silver bullion as compared with gold, the purchasing power of silver money, in countries which have no money but silver, has undergone no appreciable change.

The price of labor in India is the same in rupees as it was twenty years ago, and the same is true of all the articles necessary to the support of the Indian laborer and which he has to buy; that is, in the internal commerce of India there has been no sensible fluctuation in the value of the rupee measured by commodities, although the value of silver in it measured by gold has, at the lowest price which silver has reached, been reduced one-half.

What has been said of India is true of several of the silver paying countries to which my knowledge extends, and is presumably true of all of them.

There is no reason to believe, even in the event of the United States going to a silver standard, that there would be any serious fluctuation in the value of our silver coins for all purposes connected with our internal business.

We now stand face to face with all the evils of a too narrow monetary basis. They are not unexpected, but have been predicted for the past fifteen years by careful students of monetary questions, but their coming has been accelerated by the unpatriotic and unwise advocacy of the plan of still further contracting our monetary standard and by the false representations of the cause of the hard times by the partisans of the money-lending classes, represented by most of the newspapers of the Eastern states, and also by the inflammatory declarations of a few irresponsible men in the silver states.

The responsibility for the passage of the act of 1873 by which the standard silver dollar was struck from the coinage, which has been discussed ad nauseam, is a matter of little consequence now. I am willing to leave the question whether Senator Sherman or some one else by design or unwittingly

worked the scheme through and whether it was done stealthily or in the open light of day, to those who can see that some good can be accomplished by that class of debate. It seems to be true that not a single one of the representatives in Congress or of the Senators made a protest and that President Grant signed the bill.

A LEGISLATIVE BLUNDER,

which is seldom referred to and which was almost equally fatal with that of 1873 was the act of 1834, by which the ratio at which we should coin silver was raised from 15 to 1 to 16 to 1. In fact, but for the act of 1834 it is almost sure that the act of 1873 could not have been enacted.

From 1834 to 1873, for thirty-nine years, it was impossible for us to circulate a silver dollar in this country. During all that time France maintained gold payments and the unlimited coinage of silver at the ratio of 15½ to 1. Our silver dollars were worth three per cent. more than their face value to melt and sell in a bullion form; consequently when the action of 1873 was taken we had no silver dollars in circulation, and the disastrous effects of that act were not apparent until some time afterwards.

But these things all belong to the past. If it were possible to fix the responsibility exactly where it belongs by delving into the musty pages of the Congressional Record, or in some other way, but little would be gained.

The serious subject with which we now have to deal relates to the future and not to the past.

The remedy for existing conditions is what we now seek, which must necessarily involve the causes which have produced them, or in other words, the diagnosis of the disease.

It does not seem at present practicable with Mr. Cleveland as president, to increase the use of silver in our currency to a greater extent than we are now doing, the probability of passing a measure for that purpose with his signature, or of passing it over his veto, both being extremely remote. But we can at least prevent any further restriction of the rate at which it is now employed. An inflexible adherence to the policy of coining silver in this country, whatever Europe may do, is the

SHEET ANCHOR OF OUR FINANCIAL SAFETY.

To whatever extent we employ it we uphold its value in the silver countries by diminishing the amount which can

flow thither, and we relieve the strain upon gold in this country. If it turns out in the end that the old bimetallic condition cannot be restored, and if we finally have to choose between silver and gold as the sole metal money in use in this country, beyond all question we should choose silver. Every consideration points to that conclusion.

A metallic standard exclusively of gold for this country, which has to-day $1,100,000,000 of metallic money, and which will, within twenty-five years require twice that amount if we maintain specie payments, and a sufficient volume of money to prevent a further decline of prices, is something which bristles all over with impossibilities. Such an absorption of gold as that would carry up its value to a height never before dreamed of, and would bankrupt every nation on the gold standard. Wheat would fall to twenty cents per bushel, and general prices in Europe would probably return to the level which existed before the discovery of America.

But with the different policy of absorbing silver in our circulation, and still more and more as every succeeding year expands our demand for money, and with the certainty of the support of all the world outside of Europe, we shall be assured against the possibility of any depreciation of our standard. The opposite danger of its appreciation may and must remain, but in respect to silver its appreciation is at most only a danger, whereas, in respect to gold it has already manifested itself in ruinous proportions. It is

PROTECTION AGAINST A SILVER FAMINE

that everywhere along the mountain range which is continuous from the Straits of Magellan to Alaska, silver can always be obtained by the application of capital and labor. There is no such protection against a gold famine, which may exist for centuries before new gold fields can be found, if they can ever be found at all. It is wholly improbable that the appreciation of silver can extend to a degree which will be beyond the reach of a remedy of an increase of paper money, within the limits of keeping it convertible into coin. On the other hand, if the United States, which is expanding by leaps and bounds, should venture upon the experiment of a metallic money to consist exclusively of gold, the value of that metal would inevitably attain a height which would force us to the issue of inconvertible paper money. In all events, we shall have the protection of the double stand-

ard so long as we respect the Constitution of the United States, which establishes it. If a premium on gold causes it to flow away to foreign countries, it is not thereby demonetized; it will still have the right of coinage at our mints at the ratio of silver of 1 to 16, and would flow back again if there was a sufficient rise in silver or fall in gold to establish that ratio.

If the segregation of the world into two distinct parts in respect to monetary standards proves to be a permanent fact, it will only be with one of the two parts that we can have the advantages, be they greater or less, of that stability and freedom of commercial exchanges which exist in the trade between countries using the same material for their metallic money. If events force us to make the choice in this particular, it is

CLEARLY WITH THE SILVER-STANDARD COUNTRIES

and not with Western Europe that we should cast our lot.

I am well aware that the mere suggestion that we may in time and under the force of circumstances come to a silver basis, creates an alarm that this country will be reduced to the level of China or other silver-using countries of Asia and South America.

We have too long been frightened by the bugaboo of sinking to the level of semi-civilization if we do not follow the dictation of the countries of Western Europe, and particularly of England. Citizens of the United States who can hold such an opinion must be supremely ignorant of their own country. A country like this, possessed of boundless resources, with unlimited capacity to produce nearly everything which enters into human consumption, with an intelligent, educated, progressive and inventive people, is bound to be rich, whatever its monetary standard shall be. We are to-day the leading nation of the world and have only made a beginning in the development of our resources. We are abundantly able and can well afford to frame our own policy with respect to our monetary affairs, independently of the rest of the world.

Until 1873 we had unlimited coinage of gold and silver, while England adopted in 1816 a strictly gold basis and has adhered to it ever since. It has never been claimed that we were made poorer by our bimetallic policy.

Those who are afflicted with the fear that the condition of this country will be brought to that of China by the upholding of bimetallism, should remember our experience from 1861 to

1879, when we had neither gold nor silver, but only an inconvertible paper money. It cannot be denied that during those years we added immensely to the wealth of the country and that in many respects they were years of unbounded prosperity, notwithstanding we were carrying on a most expensive and destructive civil war.

I am not to be understood as favoring an inconvertible paper money. I am

RADICALLY OPPOSED TO FIAT MONEY,

but after the experience of those years I am not able to participate in the feeling of danger, so prevalent now, of the consequences to the United States, if it must adopt the policy of maintaining bimetallism, involving as it should, the unlimited coinage of gold and silver. Neither am I to be understood as favoring a silver standard in preference to the bimetallic standard for this country, but I do say that if we restore silver to its old place as a money metal by its unlimited coinage, and if, under the force of circumstances over which we have no control, our gold should be drained away, we will still maintain the first place among the nations of the world, and not only that, but our position in respect to all the world, except Europe, will be such as to compel England, Germany and France to at once adopt bimetallism.

It is in Asia and South America that enormous markets for manufactures exist, which are now substantially monopolized by England, France and Germany. In competing with the commercial nations of Europe in these markets, we labor at present under the same difficulty which confronts them. To-day our currency is kept at the gold standard as theirs is. It is only at heavy discounts that we now convert the money received from sales of goods in silver-standard countries into our own money, and our English, French and German commercial rivals are subjected to the same discount. But, if in the course of things, not of our own choice or making, but by the natural working of our immemorial double standard, our metallic money comes to consist exclusively of silver, we will escape a loss to which they will remain subjected. We will thereby obtain precisely that advantage over Western Europe which has already enabled British India to supersede the English in supplying China with cotton yarns, and to maintain a gaining competition with them in supplying China with cotton cloths. We

shall then sell goods in all silver-standard countries for the same kind of money, by the expenditure of which the goods are produced. With that

ADVANTAGE OVER WESTERN EUROPE

there is nothing to prevent our vaulting by a single bound into the mastery of the world's commerce, which in modern times consists essentially in the profitable exchange of the finished products of the science, skill and appliances of highly civilized nations for the products obtained by the rude labor of semi-civilized peoples, with the aid of rich soils, benignant suns, and other natural advantages.

Even in our intercourse with Western Europe, we shall gain more than we shall lose, if a fluctuation in the relative values of the two metals shall make our metallic money consist entirely of silver. In fact, while we shall gain a good deal, it is not apparent that we shall lose anything. It is true that it will be an impediment to our purchases of European manufactures, in that we shall be subjected to a premium on the money in which we must pay for them. It is true that in shipping the contents of their own over-loaded warehouses to be auctioned off in New York, European manufacturers and merchants will be obstructed by the discount on our money. But all this would be a benefit to us and not an injury. There is nothing which Europe has to sell which we are under any necessity of buying, or which it would not be an advantage to us to cease to buy.

Europe takes nothing from us but food and indispensable staples, and we could make a better disposition of a good deal of what we send across the Atlantic.

THIS IS CONSPICUOUSLY TRUE

of that large part of our cotton crop which goes to Europe to be there manufactured into cloths for the silver-standard countries.

If the force of circumstances carries this country to an exclusive use of silver as its metallic money, and if Western Europe clings to gold under the domination of its bondholders and moneyed capitalists, not a bale of cotton will cross the Atlantic beyond what is needed for European consumption. The supplying of Asia and of all America to the south of us with cotton cloth will then fall into our hands, under the double advantage of our production of the raw materials and our free,

equal and stable monetary exchanges with the silver-using world. And so far as we shall continue to send some of our staples to Europe, it will be a trade which will not be hampered but will be stimulated by the premium we shall receive on the gold which will be paid on all the sales we make there. The use of silver by us, while Western Europe uses gold, will have the same effect here as it has in India, whose present vast export of wheat to Europe has not been merely stimulated, but has been absolutely created since 1873 by the rise in gold over its old rating in Indian rupees.

It is, however, an inadequate statement of the case to say that the exclusive use of silver as our metallic money will stimulate the export to Europe of certain staples, such as wheat, corn, meats and petroleum, which it may be for the present expedient to send there, although we look forward to the time when the diversified industries of our own people will furnish a home market for all the food we raise.

THE ACTUAL SITUATION

is, that with a gold standard in this country we cannot continue to sell in Western Europe even the staples just referred to, except in constantly diminishing quantities, against the growing competition of other vast producing regions in India and elsewhere in Asia, in Russia, in the Danubian countries, including the plains of Hungary, in South America, and especially in the illimitable pampas of the Argentine confederation. The currencies of all these regions enable them to get a premium on the gold which they receive on their sales in Western Europe, and that premium operates as a bounty on their exportation thither. This is most notable in the case of India, but the same fact exists to an important and increasing extent in respect to all of them.

Furthermore, it is for the interest of the commercial nations of Western Europe to obtain all the raw products which they need, as far as possible, from Asia and South America rather than from the United States. These countries must buy manufactured goods from some quarter, while the United States is under no necessity of buying such goods from any quarter, and is all the while making rapid strides in the direction of supplying its own wants in that particular.

If this country steadily perseveres in coining silver, and if, at some future time, which may never come, it shall result from

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that coinage, and from the refusal of Western Europe to restore the old bimetallic conditions which it voluntarily and deliberately destroyed, the metallic money of this country becomes exclusively silver, one of two things must happen: Western Europe must then either abandon its gold monometallism or it will, by adhering to it, transfer to us the substantial monopoly of supplying Asia and South America with manufactures, which means for the commercial and manufacturing nations of Europe with their crowded populations, not merely the loss of prosperity, but absolute

FINANCIAL, POLITICAL AND SOCIAL RUIN.

It is not Western Europe which is master of the situation, but the United States. We have had a bimetallic currency since the first settlement of America by the transatlantic races. All our traditions are bimetallic. In the constitution of our present form of national government, now more than a century old, bimetallism is immovably imbedded. The judgment of the country is undoubtedly in favor of the old way. In all events we will, by maintaining our double standard law, make to mankind a standing offer to continue in the old way, by keeping our mints always open to all comers for the coinage of gold at the ratio to silver of 1 to 16. But if Western Europe perseveres in measures which raise the value of gold to such a height that it flows away from us because we cannot retain it in monetary use without intolerable sacrifices, and if silver becomes at last our sole metallic money, it is this country which will be carried to a pitch of prosperity transcending all the past, and it is Western Europe which will be plunged into an abyss of ruin.

It is not conceivable that the sagacious men who control its public affairs will push the gold conspiracy to any such extremity. If they can cajole us into co-operation in their schemes of financial aggrandizement they will, if not thankfully, at any rate gladly, accept and profit by our aid. But when they become convinced that we mean to use the power of protecting our own interests which the situation gives us, they will in all probability recoil from a contest which can have no other issue for them but a fatal one. If they do not recoil from it they will only give another illustration of the wisdom of the saying of the ancients, that "Whom the gods would destroy they first make mad."

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